

**STATE OF CALIFORNIA
CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
1227 O STREET, ROOM 300
SACRAMENTO, CA 95814**

**TITLE 12. MILITARY AND VETERANS AFFAIRS
DIVISION 2. DEPARTMENT OF VETERANS AFFAIRS
CHAPTER 4, SUBCHAPTER 515**

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515. Goals, Objectives, and Concept of Operation.

(a) This regulation establishes policies, procedures, and responsibilities for the California Department of Veterans Affairs' Morale, Welfare, and Recreation Special Fund (MWR Fund), the Morale, Welfare, and Recreation Operating Funds (MWRO Funds), and the Morale, Welfare, and Recreation (MWR) programs for all Veterans Homes.

(1) The MWR Fund and the MWRO Funds, and their revenues and expenditures shall fall within this regulation.

(2) The secretary shall have the overall responsibility for the operational and administrative management, oversight, and execution of the MWR Fund, and MWRO Funds, and the MWR Program.

(3) The department shall maintain a minimum reserve of not less than three million dollars (\$3,000,000.00) in the MWR Fund. The MWR Fund shall reside in the State Treasury.

(4) The Veterans Home's Administrator shall have the administrative and financial responsibilities for the management and operation of the MWRO Fund and MWR programs in the Administrator's Veterans Home.

(5) MWR programs are a collection of activities, celebrations, events, and engagements designed to promote the physical and mental well-being of the member communities in the Veterans Homes. The MWR programs are intended to enrich the quality of life of the members, through recreational, social, and spiritual enterprises that enhance the community life of the members.

(6) MWR programs shall reflect the interests of the Veterans Home's member community as a whole. These programs are intended to best meet the interests of the largest number of Veterans Home community members.

(7) MWR programs may also include minor alterations and minor improvements to physical structures and other Veterans Home enhancements that promote engagement and directly relate to the morale, welfare, and/or recreation among the Veterans Home's community members.

(8) The department shall periodically measure resident demand, usage, and satisfaction of MWR programs through these analyses. These analyses shall be used by the department to determine whether current MWR programs should be continued, enhanced, discontinued, or

whether new MWR programs should be established. The department shall act upon the findings from these analyses through adjustment, new initiatives, or termination of programs to ensure consistent quality.

515.1. Roles and Responsibilities.

(a) The Secretary.

- (1) Establishes the MWR Fund, the MWRO Funds, and MWR program goals and objectives.
- (2) Exercises guidance, and control, defines objectives, and establishes oversight over the MWR Fund, the MWRO Funds, and MWR program regulations, procedures, and policies.
- (3) Adopts rules and regulations regarding the MWR Fund, the MWRO Funds, and the MWR Program.
- (4) Delegates, at his or her discretion, to the Deputy Secretary of Veterans Homes, the operational authority for the administration of the MWR Fund, the MWRO Funds, and the MWR Program, including regulations, procedures, and policies.
- (5) Performs any acts as may be necessary, desirable, or proper to carry out the purposes of the MWR Program.
- (6) Reviews and acts on augmentation requests after consulting with the Veterans Home Administrator, and considering factors including, but not limited to, the Veterans Home's unique age, size, population, and historical significance.

(b) The Deputy Secretary of Veterans Homes.

- (1) Exercises operational authority for the administration of the MWR Fund, the MWRO Funds, and the MWR Program objectives and goals, including, but not limited to, regulations, procedures, and policies.
- (2) Delegates, at his or her discretion, the managerial responsibility for the MWR Fund and the MWR Program goals and objectives to the MWR Program Manager.
- (3) Achieves the Secretary's objectives by exercising operational supervision, control, and oversight over the MWR Fund, through regulations, procedures, and policies.
- (4) Appoints the MWR Program Manager to serve as the manager of the MWR Fund and the MWR Program.
- (5) Shall adopt, use, and require the Veterans Homes to use uniform accounting procedures for the MWR Fund and the MWRO Funds subject to the department's oversight and audit as needed.
- (6) Shall prepare an itemized report that is organized by category, including sufficient detail to allow legislative oversight, and accounts for all expenditures from, and all funds deposited into, the MWR Fund and the MWRO Funds for the previous fiscal year.
- (7) Shall submit the itemized report annually on or before August 20 to the following:
 - (A) The Department of Finance.
 - (B) The fiscal committees of the Assembly and Senate.
 - (C) The committees of the Assembly and the Senate that have subject matter jurisdiction over veterans affairs.
 - (D) The Veterans Home Allied Council or the resident council of each home.
 - (E) The Administrator of each Veterans Home.
- (8) Subject to approval by the Secretary, transfers funds from the MWR Fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, or retains the

services of a third-party investment broker to invest moneys from the MWR Fund consistent with Section 16480.2 of the Government Code and any regulations regarding selecting prudent, approved investment types.

(9) Shall notify the MWR Advisory Committees at least 30 days prior to any transfer of funds from the MWR Fund to the Surplus Money Investment Fund, or the retention of a third-party investment broker to invest moneys from the MWR Fund.

(c) The MWR Program Manager.

(1) Shall be an employee of the department, selected and supervised by the Deputy Secretary of Veterans Homes.

(2) Prepares and submits to the State Controller's Office an annual allocation disbursement schedule from the MWR Fund to the MWRO Funds.

(3) Notifies the MWR Advisory Committees and the MWR Financial Manager in the second quarter of the fiscal year of the amount of the annual allocation for the subsequent fiscal year.

(d) The Veterans Home Administrator.

(1) Exercises operational and financial supervision, control, and oversight over the Veterans Home's MWRO Fund.

(2) Oversees the day-to-day operations of the MWRO Fund.

(3) Manages the receipt of annual allocations, augmentations, and payments for MWR programs that are directly related to the morale, welfare, and recreation of the Veterans Home's members.

(4) Approves and authorizes expenditures from the MWRO Fund for goods and services identified in the Veterans Home's approved annual budget.

(5) Prepares the Veterans Home's annual budget with consultation from the MWR Advisory Committee.

(6) Acts as the final decision-making authority on the annual budget.

(7) Submits the annual budget to the Headquarters Homes Division for review and action.

(8) Prepares requests for augmentation to supplement the allocation amount, and consults with the Secretary on augmentation requests.

(9) Selects and supervises an MWR Financial Manager.

(10) Authorizes the MWR Financial Manager to make payments from the MWRO Fund.

(11) Designates in writing an MWR Financial Manager designee, in the absence or unavailability of the MWR Financial Manager.

(e) The MWR Financial Manager.

(1) Shall be an employee of the department and shall be the accounting officer holding the highest rank in each Veterans Home.

(2) The MWR Financial Manager designee shall be an employee of the department and have all of the rights and responsibilities of the MWR Financial Manager.

(3) Prepares a quarterly MWRO Fund report for the Veterans Home Administrator, ~~and~~ the Headquarters Homes Division leadership, and the MWR Advisory Committee. The MWRO Fund report shall identify each funded category from that fiscal year's budget, ~~including~~ the current revenue and expenditure status, a comparison of actual to budgeted amounts, the remaining budgeted balance from the fiscal year's allocation, and the overall MWRO Fund balance.

(f) The MWR Programs Chief.

(1) Shall be an employee of the department, selected and supervised by the Veterans Home Administrator.

(2) Shall be the designated leader of all MWR program areas in the Veterans Home, and is responsible for fiscal oversight of each of the categories funded in the Veterans Home's MWRO Fund budget.

(g) The MWR Advisory Committee.

(1) Shall consist of the Veterans Home Administrator or designated representative, the MWR Financial Manager, and members of the Veterans Home's Allied Council and/or members of the resident council, and any Veterans Home member wishing to serve on the committee.

(2) Shall be chaired by a Veterans Home member, who shall be nominated by the Chairperson of the Allied Council and/or resident council, and approved by a majority vote of the Allied Council and/or resident council.

(3) Shall be composed of ~~committee~~ members elected by a majority vote ~~of the Veterans Home's member population~~. The voting results shall be submitted by the Chairperson of the Allied Council and/or resident council to both the Veterans Home's Administrator and the Headquarters Homes Division leadership.

(4) Committee members may serve a term of two years, and one additional two year term, not to exceed a total of four consecutive years on the committee. Once a committee member completes his or her initial term and, if applicable, one additional consecutive two year term, he or she shall thereafter be ineligible for membership on the MWR Advisory Committee, until an interval of no less than one year from the completion of their previous term has passed.

(5) If a committee member is discharged from the Veterans Home, or does not wish to continue serving on the committee, the Allied Council Chairperson shall nominate a new committee member from the Veterans Home's Allied Council, resident council, or the Veterans Home member community to serve the remainder of that committee member's term. The nominee shall be approved by a majority vote of the Allied Council and/or resident council. If no new committee member is approved by a majority vote of the Allied Council and/or resident council, the Administrator may select a Veterans Home member to occupy the remainder of the departed committee member's term.

(6) Shall meet in person, at least once per month.

(7) Shall review monthly the status of the current fiscal year budget, including revenue and expenses. The committee shall provide a verbal report to the Allied Council and/or resident council at their monthly meetings.

(8) The committee members shall actively participate in committee meetings, and contribute to discussions, and shall share, and represent the collective interests of the member community.

(9) Shall prepare minutes of each meeting for posting in a public place. The minutes shall include a list of attendees and recommendations made, and shall be signed by the MWR Financial Manager and the MWR Advisory Committee Chairperson.

(10) Once signed by the MWR Financial Manager and the MWR Advisory Committee Chairperson, all monthly meeting minutes shall be submitted to the Veterans Home Administrator for final review and posting. The MWR Advisory Committee shall keep a copy of the monthly meeting minutes on file, available upon request by any Veterans Home members desiring to review the minutes.

(11) Committee members shall solicit input for budget items after receiving notice of the Veterans Home's annual allocation.

(12) Committee members shall serve in an advisory role to the Veterans Home Administrator as the final proposed budget is being prepared for submission to the Secretary.

(13) Upon committee approval, the committee chairperson shall sign the final proposed budget.

515.2. Annual Budgets.

(a) Annual Budget Preparation and Submission Process.

(1) In the second quarter of the fiscal year, the Headquarters Homes Division leadership shall provide the MWR Advisory Committees and the MWR Financial Manager in each of the Veterans Homes with the amount of their respective allocation, and direct the committees to begin planning their Veterans Home's budget for the subsequent fiscal year.

(2) The Headquarters Homes Division leadership shall submit to the Veterans Home Administrator and the MWR Financial Manager the budget submission packet for use in compiling the budget.

(3) The budget submission packet shall include:

(A) A budget memorandum from the Veterans Home's Administrator, on the Veterans Home's official letterhead, to the Secretary, specifying the amount of the Veterans Home's subsequent fiscal year allocation and the amounts of the Veterans Home's proposed budget.

(B) The Budget Worksheet, enumerating alphabetically each proposed category to be funded and the sum of all proposed categories. The Budget Worksheet shall include signature blocks for the Veterans Home's MWR Advisory Committee Chairperson, MWR Financial Manager, and the Veterans Home's Administrator.

(C) The Budget Category & Account Information Worksheet, enumerating each proposed account line sequentially listed under each alphabetically enumerated category identified on the Budget Worksheet. The Budget Category & Information Worksheet shall include signature blocks for the MWR Programs Chief, the MWR Financial Manager, and the Veterans Home's Administrator.

(D) The Funding Explanations for each of the proposed account lines under all categories. Each account line shall include an explanation to describe the purpose of the funding and how it directly relates to the morale, welfare, and recreation of the Veterans Home members.

1. The funding explanations document shall include a thorough description of the proposed funded item(s), quantity of proposed item(s), projected cost(s) of item(s), and anticipated duration of use. If the proposed funded item is a service, it shall identify the service provider, describe the purpose of the service, and the anticipated duration of service.

2. The funding explanations document shall include a projection of the total number of Veterans Home members expected to benefit from the each of the account lines.

(4) In the second quarter of the fiscal year, the MWR Advisory Committee may begin soliciting input from the Veterans Home's member community for the subsequent fiscal year's budget. During this time, the committee shall review, evaluate, and act on input provided by the Veterans Home's member community for inclusion in the Veterans Home's proposed budget. During this time, the MWR Advisory Committee shall endorse and submit prioritized considerations for the Veterans Home's proposed budget to the MWR Financial Manager and the MWR Programs Chief. The MWR Financial Manager shall prepare the proposed budget categories based on the prioritized input from the MWR Advisory Committee. The MWR Financial Manager shall ensure all proposed categories do not exceed the total allocation amount authorized for the Veterans Home.

(5) By the end of the third quarter of the fiscal year, the MWR Advisory Committee shall have reviewed and evaluated the input of the Veterans Home's member community to ensure that the proposed expenditures are appropriate. The MWR Financial Manager and the MWR Programs Chief shall then prepare the budget submission packet materials for submission to the Headquarters Homes Division leadership.

(6) In the first month of the fourth quarter of the fiscal year, the Veterans Home Administrator shall electronically submit to the Secretary a final proposed budget packet that has been approved by the MWR Advisory Committee for review. If by the first month of the fourth quarter, the MWR Advisory Committee has not arrived at a consensus as to the content of the final proposed budget, the Administrator may submit the budget on behalf of the MWR Advisory Committee as a final budget proposal.

(7) During the interim from the second quarter of the fiscal year to the first month of the fourth quarter, the MWR Advisory Committee shall meet no less than twice a month until a final proposed budget is created. If the MWR Advisory Committee fails to achieve a balanced final proposed budget within this period of time, the Veterans Home's Administrator shall submit the proposed budget on behalf of the MWR Advisory Committee to the Headquarters Homes Division leadership, as an approved final proposed budget.

(A) If a majority of the members on the MWR Advisory Committee disagree with the final proposed budget, they shall submit a letter to the Secretary expressing their reasons for disagreement with the final submission. This letter shall include:

1. A concise explanation detailing the nature of the disagreement, including any fiscal impact.
2. Recommendations for resolving the disagreement with the final proposed budget submission, including a cost analysis of any alternatives.
3. The signatures of the members in disagreement.

(8) In the third month of the fourth quarter of the fiscal year, after the Headquarters Homes Division leadership approves the Veterans Home's final proposed budget submission, the Veterans Homes shall submit two signed copies of the entire budget submission packet. This packet will be signed by the Veterans Home's Administrator, the MWR Financial Manager, the MWR Programs Chief, and the Veterans Home's MWR Advisory Committee Chairperson.

(9) The Headquarters Homes Division leadership shall sign the Veterans Home's budget submission packet and keep one copy on file, and return the second copy to the Veterans

Home to be conspicuously posted in a public place. The signed copy of the budget submission packets will suffice as evidence of a completed Headquarters Homes Division leadership approved budget.

(10) Each Veterans Home shall submit a detailed accounting of the revenues and costs associated with locally-generated moneys. The report shall allow the Headquarters Homes Division to determine the amounts deposited into and expended from the MWRO Fund each fiscal year.

(b) Budget Modifications.

(1) During the fiscal year, the Veterans Home may make budget changes, not to exceed the annual allocation for the affected fiscal year.

(2) The MWR Advisory Committee shall have the opportunity to review and make recommendations on proposed budget changes to the approved budget.

(3) Proposed budget changes from one category to another category, must be approved in writing by the Headquarters Homes Division leadership prior to any changes taking effect.

(4) Proposed budget changes within an individual category in the approved budget must be authorized by the Veterans Home Administrator in writing prior to any changes taking effect.

515.3. Annual Allocations.

(a) Annual Allocation Determination.

(1) The Headquarters Homes Division leadership shall annually determine the amount for disbursement from the MWR Fund to each of the MWRO Funds.

(2) The annual allocations shall be proportionately disbursed based on the Veterans Home's relative population census, as defined by the Headquarters Homes Division leadership's budgeted census for the Veterans Home in the subsequent fiscal year, in comparison to the total budgeted census population of the entire Veterans Home system. The Veterans Home's relative population census shall be expressed as a percentage of the total population of the Veterans Home system.

(3) To determine the annual allocation in subsequent fiscal years, the amount of the previous fiscal years' revenue in the MWR Fund shall be utilized. This total amount shall be multiplied by the Veterans Home's relative population census number to calculate the annual allocation amount for each Veterans Home for the subsequent fiscal year.

(4) "Locally-generated moneys" means the profits derived from the operation of a canteen, base exchange, and any other activities unique to each Veterans Home, after all appropriate state costs, fees, and rent are deducted from the revenue received for those operations.

(5) All locally-generated moneys shall be added to the MWRO Fund allocation for the use of the Veterans Home in the subsequent fiscal year.

(b) Notifications.

(1) In the second quarter of the fiscal year, the Headquarters Homes Division leadership shall inform the MWR Advisory Committees and the MWR Financial Manager in each of the Veterans Homes of their relative allocation for the subsequent fiscal year.

(c) Disbursement and Receipt of Allocations.

(1) In the second quarter of the fiscal year, the Headquarters Accounting Office shall prepare and submit the annual allocation disbursement schedule to the State Controller's Office. This

disbursement schedule shall identify the dates to transfer allocated moneys from the MWR Fund to the MWRO Funds for the subsequent fiscal year.

(2) The State Controller's Office shall make disbursements in three installments. The first installment shall be made before the beginning of the fiscal year and shall be 50 percent of the annual allocation. The second installment shall be made before the end of the calendar year and shall comprise 25 percent of the annual allocation. The third and final installment shall be made before the end of March in the affected fiscal year, and comprise 25 percent of the annual allocation.

(3) The Veterans Homes shall acknowledge receipt of each of the annual allocation installments via a memo signed by the Veterans Home's Administrator, on the Veterans Home's official letterhead, acknowledging the allocation installment was received and deposited into the Veterans Home's MWRO Fund.

(4) If the Veterans Home's MWR Advisory Committee decides not to utilize the entire allocation during the fiscal year, it shall notify the Headquarters Homes Division leadership in writing no less than one month prior to the scheduled disbursement installment. The Headquarters Accounting Office will then notify the State Controller's Office of the modified annual allocation disbursement schedule and the affected installments.

(5) All unexpended funds in the Veterans Home's MWRO Fund shall be available for use in the following year by that Veterans Home.

(A) An amount equal to the unexpended MWRO Funds shall be reduced from each of the Veterans Home's fiscal allocations for the subsequent fiscal year allocation.

(B) Headquarters Homes Division shall determine the amount of the subsequent fiscal year disbursement for each Veterans Home and notify the Administrators of the final disbursement amount after the unexpended MWRO Funds have been deducted.

515.4. Augmentations.

(a) Augmentation Definition.

(1) An augmentation is defined as a supplemental allocation provided for a Veterans Home to fund an extraordinary expense from the MWR Fund in response to an unforeseen and unplanned circumstance as determined by the Secretary. Augmentations shall not replace the Veterans Home's annual allocation.

(2) Subject to approval by the Secretary, augmentations are intended to provide the Veterans Home with additional funding for a good or service tailored to the Veterans Home's MWR programs that is neither accounted for in the Veterans Home's budget, nor anticipated during the Veterans Home's budget preparation period.

(b) Augmentation Determination by the Veterans Home.

(1) The MWR Advisory Committee may submit ~~ideas~~ proposals to the Veterans Home Administrator for an augmentation request. However, the request shall not include a procurement for goods or services that would normally be funded and accounted for during the budget cycle, and/or included in the Veterans Home's budget submission.

(c) Augmentation Requests.

(1) The Veterans Home's Administrator shall prepare an augmentation request for the Secretary, using the Augmentation Request Template. The request shall include the following:

(A) Augmentation amount.

(B) Purpose of the augmentation request.

(C) Explanation why the augmentation request cannot be funded within the current budget.

(D) Impact to the Veterans Home's member community.

(E) Veterans Home Administrator's signature.

(d) Review and Action of Augmentation Requests.

(1) When considering augmentation requests from the Veterans Homes, the Secretary shall review the recommendations from the Veterans Home's Administrator.

(2) The Secretary shall determine whether the factors cited in the Administrator's augmentation request are sufficient to approve the augmentation.

(3) When an augmentation request is approved, the Headquarters Accounting Office shall give the State Controller's Office notice to disburse the approved augmentation from the MWR Fund to the Veterans Home's MWRO Fund.

(4) When an augmentation request is approved, the Headquarters Homes Division leadership shall submit a notice to all MWR Advisory Committees in all Veterans Homes in the Veterans Home system, detailing the amount of the augmentation, the Veterans Home, and the purpose for the augmentation.

(6) When an augmentation request is disapproved, the Headquarters Homes Division leadership shall give notice to the Veterans Home Administrator.

(e) Augmentation Receipts.

(1) The Veterans Homes shall acknowledge receipt of the augmentation via a memorandum signed by the Veterans Home's Administrator, on the Veterans Home's official letterhead, acknowledging the receipt of the augmentation and the deposit of the funds into the Veterans Home's MWRO Fund.

(2) The Veterans Homes shall submit a copy of the receipt acknowledgement memorandum to the MWR Advisory Committee.

515.5. Uses.

(a) Approved Uses of MWR Program Moneys.

(1) The procurement of goods and services shall be determined by the Veterans Home with the input of the Veterans Homes' members, as measured by usage, resident satisfaction, sales, research, and the ability of the Veterans Home to maintain and sustain viable operations.

(2) In reviewing program efficacy, analyses shall determine whether current programs should be continued, enhanced, or discontinued, or whether new MWR programs should be established.

(3) The department shall prepare an annual review of the MWR programs to determine past and future usages and to justify continuing funding of the Veterans Home's programs.

(4) Requests shall benefit the Veterans Home member community, and are appropriate if they relate to an activity, celebration, or event, in which all members have an equal opportunity to participate.

(b) Prohibited Uses of MWR Moneys.

(1) Functions, operations, or activities that do not directly relate to the morale, welfare, and recreation of the Veterans Home's member community as a whole.

(2) Solicitation of donations.

(3) Activities, celebrations, or events for individual Veterans Home members, unless all members have an equal opportunity to participate.

(4) Burial expenses.

(5) Medical treatments and medical care.

(6) Maintenance or major capital improvements of the physical plant of a Veterans Home.

Note: Authority cited: Sections 79.3, 1044, and 1047, Military and Veterans Code. Reference: Sections 1047, 1048, and 1049, Military and Veterans Code.